



Section: Business > Printer-Friendly Version

Alberto Vilar: Philanthropist, Technology Bull

Lunch at the Four Seasons

By PRANAY GUPTA, Special to the Sun | March 30, 2005

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WITH MORE THAN \$200 MILLION IN CONTRIBUTIONS TO ORGANIZATIONS RANGING FROM the Kennedy Center in Washington, to the Metropolitan Opera and Carnegie Hall in New York, to the Royal Opera House in London's Covent Garden, and La Scala in Milan, Italy, Alberto Vilar is possibly the most generous philanthropist in the music world.

But Mr. Vilar, founder and president of Amerindo Investment Advisers in Manhattan, would rather be celebrated as Wall Street's pioneering high priest of emerging technology. Through his company - which he started in London in 1980 to manage institutional portfolios exclusively invested in emerging technology growth stocks - Mr. Vilar was an early and very large investor in many of the successful major technology companies of the last two decades, including Microsoft (in which he was the first public investor), Oracle, Cisco, Parametric Technology, America Online, Yahoo, eBay, and now Google.

"I saw the possibilities very early on, well before most people on Wall Street," the 62-year-old billionaire of Cuban descent said over lunch yesterday. "Early on, I was able to visualize what cutting-edge technologies could do, how new products and new markets would be created. I could sense that a new paradigm was being established."

He reached into the jacket of his custom-made Brioni suit, brought out a small spiral notebook, and drew a diagram to explain the paradigm.

Simply put, Mr. Vilar said, technology investing has had three main cycles. The first, from 1960 to 1984, focused on mainframes, the sort that enriched companies like IBM. The second involved client-server computing, which, he said, centered on corporate spending - what General Motors, for example, needed to automate its factory floors.

"And since 1997, we've been in the third cycle, which extends information technology - IT - in a major way to networking all aspects of consumer lifestyles," Mr. Vilar said. "This is the Internet cycle, and it's enabled by wireless-broadband convergence. The Internet lays the foundation for a truly scalable new cycle in networked technology, which the client server could not do. The hype at the top of the bubble market is rapidly becoming reality."

The reporter offered some skepticism over this last remark, especially since Mr. Vilar's investments

declined by \$5 billion after the crash of 2000.

"The Internet, wireless-broadband convergence, and biotechnology are going to create markets worth trillions," Mr. Vilar averred. "This is where the action is. New technologies, especially in data transmission, are coming into the stream constantly. There's nanotechnology. There's electronic virtualization - the ability to maximize the performance of all servers on an ongoing basis. Virtualization will separate software from hardware to create self-assembling networks and self-managing systems. There are digital technologies such as 3G, voice-over-Internet-protocol, video-on-demand, smart phones. WiFi is likely to permeate all devices in networking the home. Then there's search, the fastest growing sector in technology. It will organize global information to make it universally accessible and useful."

Mr. Vilar paused and looked around. Among the diners were a dozen people whose investments probably had been guided by him, although Mr. Vilar was discreet about identifying any of them.

"This is going to really take off," he said. "This is going to explode. It's all in the timing."

Exquisite timing explains much of Mr. Vilar's career. He grew up in a prosperous sugar-plantation-owning family in Cuba but fled along with his family after Fidel Castro seized power. He'd loved classical music from childhood and even entertained the idea of becoming a musician; his father, however, persuaded him that the family business awaited him once Mr. Castro was deposed. Mr. Vilar put himself through Washington & Jefferson College in Pennsylvania, and then completed the course work for a doctoral program in mathematical economics at New York University.

"I was always good at numbers," Mr. Vilar said. "So in those days, the thing to do was to become a banker."

Citibank hired him and dispatched him to Colombia and Venezuela. It reckoned that his fluency in both Spanish and English would complement his high competency in economics.

"But I quickly found myself asking, 'Is this what I really want to do for the rest of my life?'" Mr. Vilar said.

He quit Citibank, despite importuning from his superiors that his future was bright. He became an analyst of companies on Wall Street.

"I struck pay dirt," Mr. Vilar said. "I found that I had the gift of identifying companies with potential. I could size up a situation, I could read the numbers right, and I could see behind the numbers. From there I moved on to investing in companies. Founding Amerindo wasn't part of any game plan - it happened because there was plenty of offshore money there."

So was it smooth sailing after that? "Hardly," Mr. Vilar said. "My partner Gary Tanaka and I even felt like renaming our company 'Pork Chop Hill,' after that famous military episode. It was like moving an inch at a time. But I never lacked the confidence that I was basically right about emerging technology. This stuff was so fabulous. I could conceptualize where technology was going."

And how did he cope with the great bursting of the technology bubble?

"Some things were at a high that they shouldn't have been, and then they went to lows that were not justified," Mr. Vilar said. "But I never lost my confidence in technology. I've survived, I'm resilient. Our technology investments are up 250% from their bottom. I live, breathe, and talk technology. There are billions, trillions to be made."

What about the dismay that some of his philanthropic beneficiaries felt when Mr. Vilar was unable to make good on some pledges on time?

"I've kept my word with every one of them," he said. "No futurist could have predicted September 11, 2001, or the corporate scandals, all those things that affected the market. Life isn't a bowl of cherries. It's important that you're down that you pick yourself up, dust yourself off, and plunge right back into action. Now there are more positives than negatives."

He's emboldened enough to want to expand his philanthropy to the medical sciences - neurology, cancer research, systems biology and orthopedics.

"What's money for other than to give it away?" Mr. Vilar, who's been a bachelor for many years, said. "You can't take it with you to the grave."

And does he ever regret giving up on his dream of becoming a musician?

Mr. Vilar's face softened. It was as if he was being transported back through the long decades to his childhood in Cuba, back to those days when the rich music of Havana and the cadences of the Spanish language were the main soundtrack of his life.